

## Message Text

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ACTION EUR-12

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C O N F I D E N T I A L MOSCOW 2557

USDOC FOR BEWT/DOWNEY AND BEWT/TDAD

E.O. 11652: GDS

TAGS: ETRD, ENRG, EEWT, UR, US

SUBJECT: GROVE VALVE AND REGULATOR SIGNS MAJOR CONTRACT

1. OFFICIALS OF GROVE VALVE AND REGULATOR (OAKLAND, CAL.) INFORMED COMMATT FEBRUARY 19 THAT THEY HAD SIGNED SIX MILLION DOLLARS CONTRACT WITH MASHINOIMPORT FOR SALE OF 40 "SURGE CONTROL" SYSTEMS FOR OIL PIPELINE PUMPING STATIONS. 20 OF THESE SYSTEMS ARE TO BE DELIVERED PRIOR TO NOVEMBER 1976, WITH REMAINING 20 TO BE DELIVERED PRIOR TO APRIL 1977. GROVE OFFICIALS REGARD THIS SALE AS FIRST OF WHAT PROMISES TO BE SERIES OF CONTRACTS WITH SOVIETS. PURCHASE WAS MADE AFTER TWO YEARS OF FIELD TESTING OF SIMILAR SYSTEM ON "DRUZHBA" PIPELINE NEAR RYAZAN', AND 40 SYSTEMS WHICH SOVIETS HAVE ORDERED WILL BE USED ON "DRUZHBA" LINE. GROVE OFFICIALS ESTIMATE THAT PUMPING STATIONS ON "DRUZHBA" LINE ARE ON AVERAGE OF 50 MILES APART, SO INITIAL ORDER WILL COVER ABOUT 2,000 MILES OF "DRUZHBA" LINE.

2. AS DESCRIBED BY GROVE OFFICIALS, TERMS OF CONTRACT ARE QUITE FAVORABLE FROM COMPANY'S POINT OF VIEW. PAYMENT IS IN CASH, 30 DAYS UPON PRESENTATION OF SHIPPING DOCUMENTS. GUARANTEE PERIOD IS EITHER 12 MONTHS FROM DELIVERY IN USSR OR 18 MONTHS FROM SHIPMENT, AT FIRMS' OPTION. GROVE TECHNICIANS ARE RESPONSIBLE FOR INSTALLING FIRST SYSTEM; ADDITIONAL SYSTEMS WILL BE  
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INSTALLED BY SOVIETS. PENALTY FOR LATE DELIVERY IS 5 PERCENT.

3. COMMENT: COMMERCIAL OFFICE FINDS THIS CONTRACT OF SOME INTEREST AS IT INDICATES THAT SOVIETS ARE STILL PREPARED TO PAY CASH FOR U.S. EQUIPMENT WHICH NEED AND FOR WHICH THERE ARE NO REAL SUBSTITUTES AVAILABLE. AS WE HAD ANTICIPATED, MASHINOIMPORT OBVIOUSLY HAS FUNDS AVAILABLE FOR 1976 PURCHASES, PROVIDED HIGH-PRIORITY SECTOR (SUCH AS OIL INDUSTRY) IS INVOLVED. GREATER DEGREE OF SELECTIVITY REGARDING HARD-CURRENCY EXPENDITURES IS CLEARLY THE RULE FOR TIME BEING. AS PREVIOUSLY REPORTED (SEE 75MOSCOW 18446), MASHINOIMPORT CLAIMED THAT NO FUNDS WOULD BE AVAILABLE DURING 1976 FOR CRANES PURCHASES FOR BAM RAILROAD PROJECT. THESE RESTRAINTS DO NOT APPEAR TO APPLY IN CASE OF OIL PIPELINE EQUIPMENT.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONTRACTS, JOINT VENTURES, PETROLEUM PIPELINES, PUMPS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** coburnhl  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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